

Amend 2 Cal. Code Regs. section 18703.1 as follows:

**§ 18703.1. Economic Interest, Defined: Business Entities.**

A public official has an economic interest in a business entity if any of the following are true:

(a) The public official has a direct or indirect investment worth two thousand dollars (\$2,000) or more in the business entity.

(b) The public official is a director, officer, partner, trustee, employee, or holds any position of management in the business entity.

(c) Parent, Subsidiary, Otherwise Related Business Entity. An official has ~~a financial~~ an economic interest in a ~~decision within the meaning of Government Code section 87100~~ if it is ~~reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on a~~ business entity which is a parent or subsidiary of, or is otherwise related to, a business entity in which the official has one of the interests defined in Government Code section 87103(a), (c) or (d).

(d) Parent, Subsidiary, Otherwise Related Business Entity, defined.

(1) Parent-subsidiary. A parent-subsidiary relationship exists when one corporation directly or indirectly owns shares possessing more than 50 percent of the voting power of another corporation.

(2) Otherwise related business entity. Business entities, including corporations, partnerships, joint ventures and any other organizations and enterprises operated for profit, which do not have a parent-subsidiary relationship are otherwise related if any one of the

following three tests is met:

(A) One business entity has a controlling ownership interest in the other business entity.

(B) There is shared management and control between the entities. In determining whether there is shared management and control, consideration should be given to the following factors:

(i) The same person or substantially the same person owns and manages the two entities;

(ii) There are common or commingled funds or assets;

(iii) The business entities share the use of the same offices or employees, or otherwise share activities, resources or personnel on a regular basis;

(iv) There is otherwise a regular and close working relationship between the entities; or

(C) A controlling owner (50% or greater interest as a shareholder or as a general partner) in one entity also is a controlling owner in the other entity.

(3) Disclosure of investment interests. An official who holds a reportable investment in one business entity need not disclose the name of any parent, subsidiary or otherwise related business entity on his or her Statement of Economic Interests.

(e) Although a public official may not have an economic interest in a given business entity pursuant to ~~subsections~~ subdivisions (a)-(c) of this section, the public official may nonetheless have an economic interest in the business entity if it is a source of income to him or her. (See ~~Cal. Code Regs., tit. 2, § 2~~ Cal. Code Regs. section 18703.3.)

NOTE: Authority cited: Section 83112, Government Code.

Reference: Sections 87100, 87102.5, 87102.6, 87102.8 and 87103, Government Code.

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